

Drive Carefully
CHILDREN
should be seen
and not hurt

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The perfect gift for
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Shamir will ignore success by Sharon

By SARAH HONIG
Post Political Reporter

TEL AVIV. — The practical outcome of Ariel Sharon's surprise achievement in the Herut central committee last Thursday night will only be apparent when the same committee convenes again in a few weeks to elect the party's Knesset candidates. Party activists are waiting to see what position on the list Sharon will attain.

Amidst then, Prime Minister Yitzhak Shamir's line will be to pretend that the Sharon success didn't happen. Shamir said on Friday that as far as he is concerned, a victory is a victory, and he defeated Sharon.

"It does not matter by what percentage I won. The fact is that I won and that is all that matters. Nothing else has any practical significance, including analysis of the vote," he said.

Shamir indicated he will strive not to translate Sharon's success in the central committee vote to any future party or cabinet position.

"If I form the next government, I will allocate portfolios not according to any party popularity contests, but on the basis of what will be best for Israel. No other factor will be taken into account," Shamir stressed, apparently in an attempt to indicate that he is under no obligation to Sharon and that Sharon's garnering over 40 per cent of the vote does not guarantee him either the Number-two position in the Herut hierarchy nor a claim to any portfolio, especially not to defence, which Sharon is said to want.

When the party's central committee next meets, the contests will be the Sharon and Deputy Premier David Levy, with the Shamir side expected to put its full weight behind Levy. This contest will be over the second slot on the party

slate of Knesset candidates, with Sharon openly laying claim to that position.

Committee members will decide in a series of secret ballots, first electing 35 candidates for the party's first places on the list. These 35 will then be ranked in groups of seven, in five additional secret ballots.

Three years ago, Sharon came in ahead of Levy and, in fact, ahead of any other Herut candidate, apart from Menachem Begin, in the first secret ballot, when the panel of 35 was elected.

Levy took the Sharon success very badly in 1981 and so as not to foment trouble, Sharon deliberately asked his supporters to rank him in the sixth slot and not in second. Thus, Levy was ranked second during the subsequent secret ballots. This time, it is said in Herut, Sharon is not likely to be as magnanimous and Levy, with Shamir's help, will have to mobilize all forces to triumph over Sharon.

Both the Shamir and Levy camps, now admit their people were far too complacent last Thursday, while Sharon campaigned hard and made sure that all his supporters showed up for the vote.

Many Shamir supporters stayed at home on the assumption that their vote was not crucial, while many Levy supporters, who also admire Sharon, voted for him assuming this could not harm Shamir.

Levy and Shamir say much of the vote for Sharon was a vote for the underdog.

Sharon has been presenting himself as persecuted even in Herut.

But Herut was still reeling last night and the consensus is that the damage to the party will not be

(Continued on Page 2, Col. 5)

Liberals: No change in Gahal Agreement

By SARAH HONIG
Post Political Reporter

TEL AVIV. — The Liberal Party addition on Friday categorically ruled out any notion of a change in the Gahal Agreement which in 1965 fixed the union of Herut to Liberal candidates on the Likud slate for the Knesset.

This message will be relayed by president chairman, Energy Minister Yitzhak Moda'i, to Prime Minister Yitzhak Shamir and his deputy David Levy, at a meeting scheduled for this morning.

The president ruled out any negotiations with Herut on the subject. Moda'i explained after the meeting: "We will absolutely not agree to any change whatever in the agreement. Therefore, there is nothing to negotiate about with Herut — it is clear on this subject. We can discuss all sorts of questions and issues, but not the Gahal Agreement. What would be the point of talking about it if our position a priori rules out any amendment?" he asked.



Yitzhak Moda'i (Keren)

But talks on the agreement in one guise or another are seen as unavoidable. Herut resentment over what it considers gross Liberal overrepresentation on the Likud Knesset slate and Liberal lack of dependability and loyalty to the Likud, is running higher than ever. Herut fears that the Liberals will again fill the Likud list with a contingent of unknown political quantities who will betray the Likud, and possibly even cross the Knesset lines and team up with Labour.

Herut's official stand is that Liberal representation should be cut down, but it is said that the party would settle for a veto power over whom the Liberals seek to tack onto the Likud list.

Since the veto demand need not necessarily be interpreted as an amendment of the agreement, the Liberals may accept it as part of a face-saving formula.

Some sources in the Liberal Party told The Jerusalem Post yesterday that some of the party's own ministers were instrumental in inviting Herut pressure over the list. They say Liberal ministers are themselves totally "exasperated at the unruly state of affairs in the party. They could not themselves manage to put any sort of break on the erratic processes there and have long been threatening the members that if they continue their squabbles and behave as if they are not accountable to the voters, Herut will have to step in."

These ministers and Herut are especially wary of Moda'i, seen as the most unpredictable of the Liberal ministers. If a post-election Liberal deal is struck with Labour, Moda'i is considered in some Liberal quarters, and in Herut, as possibly the most capable of "treason."



Security forces at the moment of their attack on the hijacked bus at dawn Friday. (Andre Bruttman)

El Salvador returns embassy to Jerusalem

Post Diplomatic Correspondent

El Salvador has become the second country to return its embassy from Tel Aviv to Jerusalem. Simultaneously, Israel has opened a resident embassy in San Salvador.

Until now, Israel has had only a non-resident ambassador to El Salvador.

The Salvadoran embassy is in the Katamon district, in a house that formerly served as the residence of the Haitian ambassador and more recently was designated as the Liberian embassy.

Liberian President Samuel Doe attended a dedication ceremony during his visit here last autumn, but subsequently decided to site his embassy in Tel Aviv, and so the small, but handsome, white house

remained empty.

On Friday Ambassador Napoleon Armando Guerra of El Salvador raised his country's blue-and-white flag alongside that of Israel over the building. (Photograph — Page 3). In a brief ceremony, Yisrael Gur-Arye, assistant director-general for Latin America at the Foreign Ministry, spoke of Israel's hopes for increased ties of development and culture with El Salvador.

El Salvador was among the dozen-odd countries which previously had their embassies in Jerusalem but removed them from the city in the wake of the Jerusalem Law of 1981 declaring the united city to be Israel's capital.

(Continued on Page 2, Col. 7)

Three die in Haifa crash

By DAVID RUDGE
Jerusalem Post Reporter

HAIFA. — Three persons were killed and six others injured — four seriously — in a car pile-up on the main Haifa-Acre road last night, police report.

The accident occurred when a Carmel Ducar car apparently veered into oncoming traffic and collided with another car and then with a van loaded with vegetables.

The Ducar was travelling towards Haifa when it reportedly swerved about 200 metres before the Kiryat Haim junction.

The police closed the road between the junction and the Kiryat

Mozkin turnoff. A fleet of ambulances took the injured to Rambam Hospital in Haifa.

The identity of the dead and injured was not known as of last night.

In an accident on Friday on the Pelugot Road, Sasson Shasha of Bnei Brak was killed and four persons were injured, one of them seriously.

The accident occurred when a Mercedes truck swerved and hit two oncoming vehicles.

Oren Aboukasis, aged nine of Carmiel, died on Friday of injuries sustained the previous day when he was knocked down by a car when he chased a ball into the road.

March inflation rate due today

Jerusalem Post Reporter

The cost-of-living allowance in April salaries will be determined today when the Central Bureau of Statistics announces what the rate of inflation was in March.

The forecast of March inflation is about 12 per cent, as it was in February. March traditionally registers a low inflation rate and a two-digit figure could mean that the

pace of price increases has stabilized at around 12 per cent a month. The C-o-L allowance is expected to be around 40 per cent as compensation for inflation in the first quarter of the year.

Economic observers in Jerusalem yesterday predicted that the inflation rate for April, to be announced in mid-May will be about 20 per cent.

A beautiful Israel—in the army, too

Post Defence Reporter

Units of the Israel Defence Forces last week cancelled all exercises for one day and sent the soldiers out to clean the training areas, O/C Training Department

Aluf Yossi Peled said here on Friday.

He added, however, that the shooting areas were so dirty that several more "cleaning days" would be needed.

After bus attack Israel blames Syria for recent terror wave

By HIRSH GOODMAN
Post Defence Correspondent

There was no clear indication available last night as to which branch of the Palestine Liberation Organization was responsible for Thursday night's hijacking of an Egged bus. But observers are convinced that the Israel Defence Forces will respond to the attack, as has been the pattern in the past.

Defence Minister Moshe Arens last night said in a television interview that Yasser Arafat's Fatah wing of the PLO was probably behind the attack. But the minister could not say with certainty that this was so.

Arens apparently based his assumption on a statement made by one of the terrorists shortly before he died that he was working for "Abu Amar" — Yasser Arafat's code name. Security sources, however, are skeptical about the veracity of the statement.

Thus far five terrorist organizations have claimed responsibility for the attack, including those under the leadership of Ahmed Jabril, Naif Hawatma and George Habash.

In a formal complaint to the UN on Friday, Israel specifically names Syria as being responsible for the recent spate of terrorist attacks inside Israel as have both Prime Minister Yitzhak Shamir and Arens — charges that some believe are a clear indication that from now on terrorist bases on Syrian soil may become future targets of Israeli retaliation.

Arens, in effect, warned the Syrians last night that attacks against PLO objectives on Syrian territory would continue in the future. "Our attack with artillery several weeks ago against these targets is a clear sign of what can be expected in the future," he said.

It is also believed that the Knesset elections draw nearer, the government will be under increasing pressure to adopt firmer policy

of retaliation against the terrorists, in an attempt to restore the government's credibility in the light of its claims that the war in Lebanon has effectively stymied the PLO's operational capability.

By last night it was far from clear

The bus attack — page 3
Photo coverage — page 5

whether the four terrorists who hijacked the bus were operating on orders from outside, or whether the attack had been locally planned and executed. All four were killed when the IDF stormed the bus — two died immediately, one almost immediately after the counter-attack and the fourth en route to hospital — making it almost impossible to ascertain the answers to these questions with absolute certainty.

It is also not clear whether the four had any weapons with them

(Continued on Page 2, Col. 2)

PFLP claims responsibility for hijacking

DAMASCUS (AP). — The Marxist Popular Front for the Liberation of Palestine on Friday claimed responsibility for the attack on the Tel Aviv-Ashkelon bus.

A series of communiques issued here by the PFLP said an Israeli bus was hijacked on the road between Ashkelon and Gaza.

One communique said the hijackers allowed women and children to leave the bus, carrying to authorities demands for the release of a number of Palestinian prisoners, prisoner Udi Adiv and Japanese Red Army terrorist Kozo Okamoto.

Among the Palestinians whose release was demanded were the Democratic Front terrorists who

staged the grenade and rifle attack on civilians in downtown Jerusalem on April 2.

At 4 a.m., the Israeli army raided the bus and "our commandos were compelled to defend themselves using hand grenades. A number of enemy soldiers were hit by Israeli bullets, as were a number of bus passengers," the communique said.

PFLP communique said both the Popular and Democratic Fronts had vowed to escalate "military operations" in the territories and added: "The forthcoming days will see a number of spectacular operations in the occupied territories."

PFLP spokesman Bassam Abu Sharif insisted the attackers were from within the territories. He said

"No" when asked whether there was any coordination with Syrian authorities for such operations.

Abu Sharif said, "What that we Israeli soldiers and officers were killed or wounded" when Israeli units stormed the hijacked bus in Beer El-Balah.

The Palestinian news agency Wafa said on Friday that the hijacking proved the power of Palestinian terrorists to strike anywhere in Israel.

"This terrorist operation was proved the failure of all Zionist military security measures and the power of Palestinian terrorists to strike at the vital and military targets of the Zionists in any region of occupied Palestine."

Jemayel family escape rocket blast

BEIRUT. — A Soviet-made "Grad" rocket crashed into the residential quarters of president Amin Jemayel's palace, but none of the family was hurt, the state television reported yesterday as artillery duels resumed in Beirut.

Television, staffed by reporters loyal to Jemayel, said the rocket exploded into the third floor of the palace, in suburban Baabda east of Beirut, just before midnight Friday, the ninth anniversary of the outbreak of the civil war.

Television said three rooms were

completely destroyed before palace guards extinguished a fire that broke out.

The president and his wife were in his top floor private office when rockets hit the building, a palace security source said.

Jemayel broke down the jammed door of his daughter's room to find 12-year-old Nicole unharmed, although her bed was covered with splintered glass and dust. Their two younger sons, Pierre and Sami, were sleeping on the ground floor and also were not hurt.

At mid-afternoon yesterday, the television and local radio reported that artillery and tank duels resumed in the Christian neighbourhoods of Ain el-Rummaneh, Furn el-Shubbak, Baabda, Hadath and Hazmieh, and the Moslem neighbourhood of Chiyah.

The shelling, which has become a nightly occurrence, killed seven people including three children in the Moslem side, a television report said, adding that an unspecified number were wounded.

Phalangist radio reported two people killed and six wounded in Christian areas.

A French observer was wounded

by shrapnel yesterday just south of the only crossing point open between East and West Beirut. He was treated at American University Hospital for a minor chest wound and discharged.

He was the first casualty among the 40 French commandos who arrived in Beirut last month to help police the "green line" though the team had come under sniper fire earlier last week.

Police said they were readying a 2,000-man disengagement force to begin separating warring militias within the next 48 hours.

The disengagement plan was signed by the principal antagonists ten days ago in an attempt to establish a truce, cease-fire that would allow negotiations to negotiate reforms to ensure Moslem-Christian peaceful coexistence.

Delay in enforcing the plan was caused by reluctance of army and police to sign up for service with the force, which is designed to man "buffer zones" between communities in Beirut and the hills east of the capital.

Druse and Shiite Moslem opposition groups yesterday dispatched representatives to

(Continued on Page 2, Col. 3)

NEWS BACKGROUND/Aaron Sittner

What is Burg going to do about Petah Tikva?

Violent, hate-tinged confrontations between Orthodox and secular demonstrators have become a weekly spectacle in Petah Tikva. It is as if the Histradrut-owned Hechal Chayma is offering a double feature in its Friday night shows — the scheduled film plus the protest by the Orthodox. (See page 2)

While Israel's attention has turned to the upcoming elections, legal experts at the Interior Ministry are pondering the question of whether Minister Yosef Burg should approve the controversial by-law passed by Petah Tikva's municipal council — legalizing the opening of cinemas and cafes on the Sabbath and other Jewish holy days.

"We are still studying their request," ministry legal adviser Abraham Shafat told The Jerusalem Post yesterday. "It reached our district office in Ramle on March 2, and in accordance with court rulings, we are dealing with the request for approval with 'due diligence'."

At first blush, the mere fact that a local by-law enacted by a legally

elected council should require approval by the interior minister strikes one as authoritarian. However, the more you study the subject, the more you become convinced that despite their heavy dependence on the government for budgets, local authorities enjoy remarkably wide power.

For example, since 1969, local governments can enact *amotna* (local rates) and other taxation by-laws with no need for their approval by the Interior Ministry.

But the Petah Tikva by-law — like 800 other by-laws and amendments enacted annually — did have to be submitted to the ministry for sanction. That requirement is stated in Section 258 of the Municipalities Ordinance of 1934, a Mandate-origin statute adopted and frequently updated by the Knesset.

The ordinance says, among other things, that "... no by-law shall become effective until it is approved by the Minister of the Interior..." Strictly speaking, then, Petah Tikva Mayor Dov Tavori has

raised quite a storm with his bill even before it has become law.

Tavori, who cares little about warnings by rabbis concerning the sanctity of the Sabbath and its special significance in Jewish history, is sticking to his guns. First, why should secular Petah Tikvans have to travel to Tel Aviv to see a movie on Friday night when they have a cinema here whose operators are willing to open? Secondly, if Tel Aviv's cinemas and cafes operate — as they do — in defiance of that city's Sabbath by-laws, why are they permitted to get away with it?

Why, indeed, can such establishments remain open without facing prosecution? According to Shafat, certain legal precedents set the tone in any democracy, and so it is in Israel. Perhaps the most relevant precedent along these lines was the 1951 case of Kassef vs. the Nazareth Municipality. That court's ruling — which has become a landmark decision for Israeli lawyers — was that nobody, not even a court of law,

may compel a local authority to enforce its own by-laws.

Thus, for all practical purposes, all the chief rabbis in the world cannot force Tavori to issue a summons to a cafe owner who does business on the Sabbath.

In fact, this wide discretionary power in the hands of a mayor is also wielded by the attorney-general, who in accordance with the legal principle of *nolle prosequi*, has the legal power to stay proceedings in accordance with his judgment.

A decisive court test of a local authority's power to preserve the sanctity of the Sabbath within its precincts came in 1968, in the case of Isramex vs. the State of Israel. Then, the Ramat Gan municipality sought to close petrol stations that insisted on remaining open on the Sabbath.

In its decision, the High Court ruled that the municipalities Ordinance gives a council the right to regulate opening and closing of businesses such as restaurants,

workshops and theatres — but not petrol stations.

It is on the basis of this decision that so many petrol stations are now open on the Sabbath.

As an Orthodox Jew, Burg — who has been conspicuously silent on the issue — undoubtedly feels the same way about theatre and cafe openings on the Sabbath as do the thousands of angry demonstrators in Petah Tikva. On the other hand, he is faced with a double dilemma. If he approves the by-law, he will be accused of abetting Sabbath desecration in the Jewish state. If he rejects the by-law, he will have to face a High Court of Justice suit with the inevitable show-cause orders, injunctions and other legal procedures.

And — even if Burg wins in court — the victory would be virtually meaningless. No one can force Tavori to close down a business operating on the Sabbath. After all, the by-law that is being violated is Petah Tikva's own.

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CANADA HILL

The weather at major Swissair destinations

13.4.1984	MIN	MAX	C	F	P
AMSTERDAM	3	17	83	Clear	
BRUSSELS	13	20	68	Clear	
FRANKFURT	13	20	68	Clear	
GENEVA	13	20	68	Clear	
LONDON	13	20	68	Clear	
MUNICH	13	20	68	Clear	
PARIS	13	20	68	Clear	
ROME	13	20	68	Clear	
STUTTGART	13	20	68	Clear	
ZURICH	13	20	68	Clear	

THE WEATHER

Forecast: Partly cloudy. Cooler and possibility of rain on Monday.

Yesterday's	Humidity	Today's	Humidity
Jerusalem	28	13-23	20
Haifa	33	10-21	20
Nahariya	47	13-20	19
Safed	27	16-20	22
Tiberias	29	14-29	30
Nazareth	29	15-22	23
Alula	51	14-24	25
Shomron	36	13-24	23
Tel Aviv	70	17-22	22
B-G Airport	60	14-24	25
Jericho	19	9-34	32
Gaza	72	16-21	22
BeerSheva	30	15-28	26
Eilat	15	18-35	34

SOCIAL & PERSONAL

The director-general of the Foreign Ministry, David Kimche, on Thursday gave a farewell luncheon at the Jerusalem Plaza Hotel for the outgoing Norwegian Ambassador Knut Aars. Among the guests were the ambassadors of Sweden and Denmark, the Guatemalan ambassador who is acting Doyen of the Diplomatic Corps, the honorary Norwegian Consul Elihu Isakson and the Norwegian Attaché Elbjorg Arnesen.

A new Wizo day nursery was opened in the Ramat Aviv Gimmel neighbourhood, Tel Aviv, last Thursday in a ceremony attended by the Mayor, Arbie Sherman of the Likud, and members of his family. World Wizo President Raya Jaglom, Tel Aviv Mayor Shlomo Lahat, World Wizo executive chairman Michal Modai, members of the executive and guests from Israel and the UK. The nursery is named in honour of Sherman's baby grand-daughter, Lisa Morgenthau.

Arens proposes higher threshold in Knesset vote

Defence Minister Moshe Arens last week suggested to Labour Party Chairman Shimon Peres that the minimum percentage of votes a party must win to enter the Knesset be raised from one to 2.5 per cent, according to Israel Television. The proposal is believed to have the support of the National Religious Party and Tehiya, who hope it will block the chances of the right-wing religious Matzav group from entering the Knesset.

Likud sources say they will not take any initiative in the matter without the cooperation of the Alignment.

Nice try by newlywed

AFULA — A jailer who inspected the underside of a truck prevented an escape from the Shatta jail near here on Thursday night.

The prisoner was clinging to the chassis of a vegetable truck leaving the prison yard. Said Abdullah, 30, said he had been given a three and one-half year sentence for driving without a licence just after he was married. He said he was trying to escape in order to visit his wife.

HOME NEWS

Training hours down in IDF due to budget cuts

By JOSHUA BRILLIANT
Post Defence Reporter

The time devoted to training in the Israel Defence Forces has dropped during the past five years largely because of budgetary cuts, but also because reservists could not be called up for long enough periods.

O/C Training Branch Aluf Yossi Peled told this to *The Jerusalem Post* following a ceremony in which the Training Branch presented the Air Force with a full-scale model Hercules C-130 transport plane to help cut the cost of maneuvers.

Peled said the reduced training mainly affected reservists. The urban training centres — in which reservists practise shooting, identifying planes and first-aid treatment, have been very effective in improving training standards. One hour of practice on simulators, enables tank gunners to shoot more than they do in 10 years under normal circumstances, he noted. But that does not compensate for less training in large formations, or

practising cooperation between the ground and Air Forces, he said.

The Hercules model presented to the Air Force here will be used to train soldiers to drive their armoured personnel carriers in and out of them.

Until now the Air Force used to ground planes for the purpose. Air Force Commander Aluf Amos Lapidot noted that in war-time particularly, it will be valuable to be able to train without the necessity of grounding planes.

A senior Air Force officer estimated that past accidents caused by collisions between vehicles and planes may have cost the army more than \$100,000. Furthermore, spare parts are expensive and sometimes had to be imported, which grounded the planes for even longer durations, he said.

The four-month project cost ISL3m. The cost was low partly because manpower was cheap, including 15 prisoners used for painting the model.

'No word yet on Bonn arms sales'

HAMBURG (Reuters). — Prime Minister Yitzhak Shamir has said that Israel is still awaiting a decision from Bonn about arms sales it is considering to Arab countries. Shamir, in an interview to be published today in *Bild am Sonntag*, also stated that Israel had received no assurances that the sales would not go through.

"The gloomy atmosphere which dominated Chancellor Helmut Kohl's visit to Israel (last January) is still there," he said.

Deputy Prime Minister David Levy, who also took part in the in-

terview, said friendly relations between West Germany and Israel would be impossible if Bonn went ahead with arms sales to Arab countries.

"It is not possible to speak of friendly relations and a changed atmosphere when Germany behaves as if it would one day sell arms to countries which want to do us harm," Levy told the newspaper.

Bonn has declined to sell powerful Leopard-2 tanks to Saudi Arabia, but government sources said it was prepared to consider requests for defensive weapons.

Kessar: Gov't budget non-existent

Jerusalem Post Reporter

TEL AVIV. — The phrase "economic independence" has disappeared from the Israeli lexicon, according to Histadrut secretary-general-designate Yisrael Kessar. Speaking before the Commercial and Industrial Club on Friday, Kessar warned that, without economic independence, there cannot be political independence.

The Histadrut leader charged that the country has arrived at an unprecedented situation in which the government is unable to present an annual budget. "Budget is policy," Kessar said, and without a government policy, neither the Histadrut nor the industrialists have

a basis on which to plan. In a conciliatory speech that was made against the background of the on-going wage negotiations between the Histadrut and the employers, Kessar said that the Histadrut was searching for "at least partial stability in the inflation madness."

But he warned that negotiations must be conducted on the basis of dual interest. He said the Histadrut will not accept the government's taking advantage of the public desire for stability by lowering workers' wages. He added that productivity had to be increased, but not if it was based on "cheap labour."

ISRAEL BLAMES

(Continued from Page One)
when they held up the bus, but security sources have confirmed to *The Jerusalem Post* that they were in the possession of "a sizeable quantity" of hand-grenades.

Military sources last night expressed satisfaction in the way the incident had been handled. Though two police roadblocks between Ashkelon and the Erez junction at the entrance to the Gaza Strip were ineffective, the bus was stopped without casualties by an army roadblock inside the Strip.

It is clear that security forces have learned the lessons of the Coastal Road massacre in 1978, when 38 people died in a similar incident. It became clear on Thursday night that once warning had been received that the bus had been hijacked, an efficient machine went into operation to secure the release of the passengers.

According to a source familiar with Thursday night's operation, the woman soldier killed could possibly have been saved had she listened to the instructions issued at the time of the IDF attack on the bus and kept her head down.

The source told *The Post* that the information available to the security forces regarding what the situation was in the bus before it was stormed was minimal. Though the terrorists had allowed a pregnant woman to get off the bus, she was unable to recall anything with clarity, and could not answer any question about whether the terrorists had arms or not, or whether they had placed bombs or charges around the vehicle.

Once the order to storm the bus was given, according to the source, "it was all over in two to three seconds."

Arens reiterated on television last night that under no circumstances would Israel negotiate or give in to terrorist demands. "Our response on Thursday night is Israel's response to terrorism... every terrorist who undertakes an operation inside Israel should know that he is not going to come out of it alive," Arens said.

In an initial response to the attack, the IDF on Friday morning destroyed four homes belonging to the terrorists in the Gaza Strip. The army spokesman announced that three of the homes were in Bani Suheila, and the fourth in Abbasan, both near Khan Yunis.

In Washington the Reagan administration condemned the hijacking, calling it a wanton act of terrorism.

"Israel has too long suffered the outrages of such despicable acts," State Department spokesman John Hughes said.

"The U.S. has long maintained that only through negotiations, not violence, can progress be made toward a just and lasting Middle East peace," he added.

TOMB. — An excavator operator digging in a factory yard in the Soviet Armenian capital, Yerevan, uncovered a tomb more than 2,700 years old, containing ceramic, iron and bronze articles as well as human remains, the English-language *Moscow News* reported on Friday.

JEMAYEL

(Continued from Page One)
Damascus for talks with Syrian Vice-President Abdul-Halim Khaddam and Saudi mediator Rafik Hariri on ways to defuse tensions.

The move coincided with an appeal issued yesterday by top Shi'ite opposition leader Nabih Berri to Jemayel and Christian militia leaders to "sever all connections with Israel" and enter into a "genuine dialogue to reconstruct Lebanon on fraternal foundations."

The newspaper *An-Nahar* said Berri, in an interview to radio Monte Carlo, said the return of the Syrian deterrent force to Beirut "is necessary and vital to prevent the partition and the Zionization" of Lebanon.

In Damascus, meanwhile, the state-controlled radio urged the Jemayel administration to lay out "the broad outlines for a new Lebanon" before rushing to form a national coalition cabinet.

The Syrian radio urged Jemayel to "take a clear and official stand forbidding cooperation with the army of Southern Lebanon," a militia armed and supplied by Israel. (AP, Reuters)



U.S. Sixth Fleet missile frigate and submarine dock in Ashdod harbour. (Amram Galmi).

Families ready for Pessah

By HAIM SHAPIRO
Jerusalem Post Reporter

Families all over the country went into high gear last night in final efforts to clean for Pessah, which begins tomorrow night.

Tonight, the traditional search for leaven, with the help of a candle and feather, will take place. According to halacha, no leaven may be eaten after 8.55 a.m. tomorrow, when remaining leaven must be burned. Tomorrow, the leaven in Jerusalem's Jewish homes will be purchased by Jerusalem Hilton deputy manager David Ward.

For many Israelis, the holiday began on Friday, with Eilat being the country's most popular destination. Thousands of campers are already packing the beach, and hotels are booked solid. The Transport Ministry announced that police vans will set up roadblocks along the route to Eilat today and unsafe vehicles will not be allowed to continue.

For the Israel Defence Forces in Lebanon, the Pessah cleaning has been completed and no bread was allowed in army kitchens as of yesterday. The IDF chaplaincy has distributed 30 special allotments of Pessah food to the Jewish community in Beirut through the IDF representative in the Lebanese capital.

The country's small Samaritan community celebrates Pessah tonight with their traditional sacrifice on Mt. Gerizim, near Nablus.

Meanwhile, security preparations for the holiday in the North have been completed. Police, the Civil Guard and Border Police will help keep expected heavy traffic moving and will be ready for any contingencies. Police will patrol parking areas along Lake Kinneret, the sea shore between Acre and Rosh Hanikra, and those belonging to the nature preserves.

The Civil Guard will patrol around synagogues tomorrow night. Rabbis and synagogue officials have been instructed how to react if suspicious parcels are found on the premises. There will be increased patrols today and tomorrow in markets and bus stations.

Northern District police commander Nitzav Yitzhak Eran has called on local residents not to hesitate in reporting suspicious persons or packages.

Christians observe Palm Sunday today

Jerusalem Post Reporter

Christians throughout the country will join with their coreligionists around the world today to mark the beginning of Holy Week with Palm Sunday.

In Jerusalem, the day will be marked by processions with palms from Gethsemane into the Old City by way of Lions' Gate. Thousands of pilgrims from Greece and Cyprus have arrived for the holiday season and are touring the city.

This year, both Eastern and Western churches mark Easter on the same day, next Sunday.

Civil service pensions raised to cover erosion

Jerusalem Post Reporter

TEL AVIV. — The pensions of civil service pensioners, who left the service before April 1979, will be raised to compensate them for erosion caused by inflation.

The agreement raising pensions was signed on Thursday.

Protests in Petah Tikva after screening of 'Yentl'

PETAH TIKVA (Iltm). — Thousands of ultra-Orthodox Jews demonstrated in the municipality building square here yesterday afternoon to protest against Friday night movies at the town's Heichal Cinema.

On Friday night hundreds of haredim gathered outside the cinema to protest against the showing of a film. Both demonstrations, organized by the Committee for Keeping the Sabbath, ended without incident.

The demonstration on Friday night, which the police had limited to 500 participants, began around 10

p.m. as some 50 persons entered the cinema to see Barbra Streisand's *Yentl*, which had been cancelled the previous Friday. "We are protesting against *Yentl*, the owners of the cinema and Mayor Dov Tavori," shouted the haredim. "They are desecrating the Sabbath to provoke us. They are wicked people," they chanted.

For about two hours the haredim demonstrated opposite the police barricades, singing "Shabbas, Shabbas forever."

The cinema owners on Friday received a licence from the municipality to operate on the Sabbath.

Police sent on a wild-geese chase

Jerusalem Post Reporter

SAFAD. — A report by a youth from Moshav Dekhon near here that his mother had been kidnapped by terrorists sent police on a wild-geese chase on Friday.

The incident began when the youth and his father saw two men in their fields, one of whom was

armed. Suspecting they were terrorists, the father sent his son to the village to raise the alarm. The youth told the police that he had been kidnapped, and security forces and the police set up roadblocks and mounted a search. The two men turned out to be hikers and the father was found working in a field unharmed.

Prehistoric ruins found off north coast

Jerusalem Post Reporter

Underwater archaeologists have uncovered the remains of 6,000-year-old settlements along the coast between Haifa and Atlit.

The prehistoric remains date back to either the late neolithic or early chalcolithic periods, according to Ehud Galili, who heads the Marine Survey for Haifa University's Centre for Maritime Studies.

Paris surgeon to teach fat removal in Haifa

Jerusalem Post Reporter

HAIFA. — A French plastic surgeon who developed a novel method of dissolving human fat in a short operation, arrived here recently for a week to teach his method at Rambam Hospital.

Professor Gerard Ilouz, who practises and lectures in Paris, told

The Jerusalem Post he developed the method seven years ago, has since carried out 3,000 operations and has taught it in many countries including the U.S. and Japan.

The one-hour procedure is best for people who are not obese all over, but suffer from fatty bumps in the chin, knees or abdomen.

SHAMIR/SHARON

(Continued from Page One)

negligible. Party veterans described Herut as having "been hijacked by an outsider, with no regard for its credo and goals."

All Herut ministers are reported equally dismayed by the Sharon success, and determined not to allow it to dictate the degree of power to which he would be entitled in future. They, like Shamir, plan to ignore the entire event. Legally, they say, Sharon has no claim to anything. He was defeated and the rest has no meaning in practical terms. They all say that when the Knesset list is elected, Sharon will no longer be able to benefit from his opponents' complacency and will be put in his place.

But some ministers privately told *The Jerusalem Post* that they fear the Sharon success has given Labour "one of the best propaganda lines they could hope for." Labour will "now present Shamir as someone who does not enjoy unwavering support in his party, as Begin did, although at the time the loyalty to Begin was also a target for Labour mockery," it is said in Herut.

Another fear in Herut is that Sharon will display "great campaigning zeal to prove his loyalty to the party and to gain the gratitude of the rank and file. With Begin out of the political arena, there will be no one to muzzle him and he may

do untold harm to the Likud every time he makes a public appearance."

Sharon's followers met immediately after the Thursday vote for a celebration at the Diplomat Hotel. They demanded number-two status for Sharon in Herut, and his appointment to the job of head of the campaign organization.

A gathering of Sharon supporters from all over the country is planned for the coming week.

Shamir and Sharon may meet privately today. After a brief conversation on Thursday night, in which Sharon took the initiative, he shook Shamir's hand and congratulated him on his victory. Shamir responded: "Congratulations on your achievement."

Begin telephoned Shamir after the show-down with Sharon and congratulated him on being chosen the Herut candidate for premier. He wished Shamir success and hoped that Shamir would put the next government together. Shamir asked Begin to take part in the campaign and Begin said non-committally that he would have to consider that when the time comes. Begin later told a radio interviewer that the victory in the show-down is Shamir's, although Sharon can point to an achievement.

Rabin says government 'wasted year' in Lebanon

By LEA LEVAVI
Jerusalem Post Reporter

Had the IDF concentrated on building up the South Lebanese Army, instead of wasting a year on practically meaningless pact with Beirut, Israel would be in a far better position today, former prime minister Yitzhak Rabin declared yesterday.

Speaking on Kol Yisrael, Rabin said: "We lost a full year because the government policy was locked into the agreement we signed with Lebanon, which was a piece of paper lacking in any practical meaning from its inception. If we had used that year to encourage residents of South Lebanon to cooperate with us, including joining the South Lebanese Army, we would be in a far better position today."

Rabin said the IDF could have shouldered the withdrawal from Lebanon within three to six months, the date on which the withdrawal decision is made.

He said the South Lebanese Army should be strengthened and should take control of the area near the border, with UNIFIL replacing the IDF in Sidon and acting as a buffer between us and the Syria.

Rabin said the IDF should be used to win wars, and quickly, to impose political solutions.

Rabin said Syria is the main hostile of our Arab neighbours and that our policy should be designed to avoid unnecessary friction with the Syrians. He believes that best Israel can get the Syrians to take there must be peace with one Arab country and in his view only candidate is Jordan.

Ghali wants relations to be 'lukewarm'

GENEVA (AFP). — Egyptian Minister of State for Foreign Affairs Boutros Ghali says Egypt wants change its "cold peace" with Israel to a "lukewarm peace." He said there is a political desire in both countries to do this.

The minister said, however, there were conditions for warm relations, the foremost being Israel's withdrawal of its troops from Lebanon. Another condition was an improvement of Palestinian conditions in the territories, which Ghali said "haven't stopped deteriorating since we signed Camp David accords."

Referring to recent terrorist attacks in Israel, Ghali said it would increase until Palestinian conditions improved.

Ghali also accused Israel of preventing the transfer of international funds for Palestinians in the West Bank and Gaza district. Ghali was in Geneva for meeting of the UN committee refugees.

EL SALVADOR

(Continued from Page One)

Now, with El Salvador following Costa Rica's example in returning its embassy to Jerusalem, Israeli officials speak of "a process and hint that other Latin American countries are expected soon to follow suit."

The new Israeli ambassador to Salvador, Arye Amir, presented credentials on Thursday. He served previously as deputy head of the ministry's Latin America department.

The State Department said Friday that the U.S. had not encouraged El Salvador to move its embassy in Israel to Jerusalem. State Department spokesman Jo Hughes said it was entirely between the governments of Israel and Salvador.

An editorial in yesterday's edition of the semi-official Cairo newspaper *Al-Ahram* condemned El Salvador's move as a "grave and harmful step."

STUDY. — History and customs of Jews from the Arab lands were subject of a study project by the school in Kibbutz Hatzor near BeerSheva.

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To our haver Basil
Our sympathy on the loss of your

Mother

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Reagan skips Congress on Salvador

WASHINGTON (AP). — President Ronald Reagan, frustrated by a Capitol Hill revolt over his Central America policies, by-passed Congress Friday night and authorized emergency shipment of weapons and medical supplies to the embattled government of El Salvador.

In his weekly radio address yesterday, Reagan warned anew that the Soviet Union, Cuba and Nicaragua are trying to "install Communism by force" in Central America. "We cannot turn our backs on this crisis," he declared.

White House deputy press secretary Larry Speakes said Reagan had invoked authority permitting him to send military equipment and supplies worth an unspecified amount to El Salvador and

defer payment for up to 120 days. He said the administration hopes Congress will approve funds for El Salvador through regular channels before that time runs out.

While Reagan did not set a precise ceiling on the amount of aid, one administration official, speaking privately, said it was not expected to exceed \$32 million over the next 10 days.

Speakes said Reagan was invoking the 120-day delayed payment plan "in order to prevent unnecessary loss of life and to assure security required for the run-off (presidential) election" in El Salvador.

The president's action will permit El Salvador to draw on Pentagon stocks to buy four Medivac helicopters, training equipment, communication spare parts, am-

munition and helicopter spare parts, said Speakes.

"There is no dollar figure that we could put on this at the moment," Speakes said. "It just depends on how long it is before Congress acts. That's why there's no cap."

Announcement of Reagan's decision followed a day-long series of consultations between the White House and Capitol Hill after Congress left town on an Easter recess without giving final approval to Reagan's request for \$51.7 million.

Representative Clarence Long, a Maryland Democrat, and Senator Robert Kasten, a Wisconsin Republican, the chairmen of the two congressional subcommittees that screen foreign aid appropriations, were split in their reaction to the president's move.

Offensive by Nicaragua rebels

MANAGUA (Reuters). — Nicaragua's army was fighting U.S.-backed invaders on two fronts yesterday to blunt the biggest offensive yet mounted by insurgents pledged to the overthrow of the left-wing government in Managua.

The Costa Rica-based Revolutionary Democratic Alliance (ARDE) reported Friday that its forces had seized San Juan del Norte, a small port abandoned by virtually all its 1,500 civilian inhabitants several years ago.

This would be the first capture of a town by rebels fighting the ruling Sandinist Liberation Front (FSLN). But Sandinist officials said fighting

was continuing, with the government positions under artillery fire from positions just across the border inside Costa Rica.

Both sides have reported inflicting heavy casualties on the other and diplomats here cautioned against taking at face value battlefield claims in the latest round of fighting.

While ARDE attempted to seize ground in the south, government troops in the north were trying to push back an invasion force of several thousand men of another rebel army, the Nicaraguan Democratic Force (FDN).

One dead, 5 hurt in Sikh Golden Temple violence

AMRITSAR, India (AP). — At least one person was fatally shot and five were wounded inside the historic Golden Temple here yesterday as the rift in the top Sikh leadership widened.

Eye-witnesses said a man and a woman opened fire outside the management committee's office in the sprawling temple complex and then fled into a four-storey building.

The dead man was identified as a follower of Sikh leader Jarnail Singh Bhindranwale, whose minority fundamentalist faction is believed to be responsible for much of the religious violence in the northeastern Punjab state.

The shootings created tension in the temple, a formidable fortress

which houses hundreds of Sikhs armed with automatic weapons, spears and swords. Rival factions in the shrine blamed each other for the shooting incident.

On Friday, three Sikhs were wounded in another shooting attack in the Golden Temple during India's Baisakhi festival. Baisakhi is a historic day for Sikhs since it is the anniversary of the founding of the Sikh warrior order.

Meanwhile, a Sikh terrorist, hiding in ambush near a railroad line, opened fire on a police patrol near Patiala, 175 kilometres southeast of this Sikh holy city. Police returned the fire, killing the assailant. Punjab state authorities said.

30,000 steel workers in Paris protest

PARIS (AP). — More than 30,000 French steelworkers, joined by Communist Party head Georges Marchais, marched peacefully through Paris streets and rallied near the Eiffel Tower on Friday to protest President Mitterrand's decision to shut aging industries and slash jobs.

Some 3,000 riot police and gendarmes were mobilized for the demonstration, the largest show of Communist and workers' discontent with Mitterrand since he was elected to office with their backing three years ago.

The workers were protesting an industrial reform plan announced by Mitterrand, a Socialist, earlier this month that would eliminate 25,000 of the current 90,000 jobs in the fully state-owned industry and shut major mills.

France's steel industry costs the government 10 billion francs (about \$1.25b.) in annual subsidies, and Mitterrand wants to slim down the industry and make it more competitive. All national subsidies to steel must end in three years, under Common Market rules.

Police repel raid on Frankfurt runway

FRANKFURT (AP). — Thousands of helmeted environmental protesters tried to storm a controversial new runway at Frankfurt international airport yesterday but were turned back by riot police using mace and firing water cannon.

About 6,500 mostly youthful demonstrators, many wearing helmets and masks, hurled firecrackers, stones and tree branches onto the runway while dozens attempted to ram through a security wall with fallen tree trunks.

The youths were protesting the destruction of forest for the runway, which became operational on

Thursday. They tried several times to surmount the 3-metre-high concrete wall but were turned back by the water cannon and mace. They were chased through the adjacent woods by some 200 police in full riot gear.

Yesterday's clash followed street battles in central Frankfurt on Friday night between police and some 3,000 protesters. Witnesses said police turned high-powered water cannon and used nightsticks against demonstrators who pelted them with stones, bags of paint and sacks of dirt during a protest march through the shopping district.

Doe pardons alleged coup conspiracy leader

ABIDJAN, Ivory Coast (Reuters). — Liberian leader Samuel Doe has pardoned his former army chief, Brigadier-General Thomas Quiwonkpa, the alleged leader of a plot to overthrow him, Monrovia Radio reported on Friday.

The radio, monitored here, said Quiwonkpa, who is believed to have fled to the U.S. after the discovery of the plot in November, had been granted "executive clemency."

The decision was taken to mark the fourth anniversary of the military coup which brought Doe and his People's Redemption Council to power.

Thirteen people were sentenced to death by a military tribunal two weeks ago for alleged involvement in the plot. Doe later pardoned 10 but it is not known whether the remaining three have been executed.

Cruise ship fined for non-kosher food

ALBANY (AP). — The British owners of the luxury cruise ship Queen Elizabeth 2 have agreed to pay a \$2,500 fine after inspectors found non-kosher food in the ship's kosher kitchen, state officials said on Thursday.

The violation was discovered just after Hanukkah while the ship was in port in New York City, state Agriculture and Markets Commissioner Joseph Gerace said. The

department's counsel, Thomas Conway, said the owners have agreed to pay the fine, which is not an admission of guilt.

Cunard Lines was charged with possessing non-kosher food with the intent to serve as kosher on the kitchen were brands of soup and soup base containing such things as edible fat from kidneys and milk protein, which render the soups non-kosher, Gerace said.



Henry Lee Lucas, the confessed killer of 360 people across the U.S., was found guilty on Friday of capital murder and rape in the death of an unidentified hitchhiker. Lucas is shown outside a courthouse in San Angelo, Texas, last month. (UPI telephoto)

U.S. space scientists hope to fix two more satellites

HOUSTON (AP). — Flushed with success from a triumphant orbital salvage mission, U.S. Space Agency engineers are confident astronauts can rescue two communications satellites orbiting uselessly about the earth.

Mission control flight director John Cox said experts at the Johnson Space Centre already have studied plans for the rescue of other disabled satellites. He noted: "We're confident we can figure out a way."

Cox commented after the astronauts on the latest flight retrieved, repaired and redeployed the Solar Maximum Satellite, a sun-studying craft that had been in dis-

repair for more than three years. The space shuttle Challenger landed on a Mojave Desert runway at Edwards Air Force Base in California on Friday after rain and clouds frustrated a Florida landing at the last minute.

Led by Commander Robert Crippen, the 11th shuttle flight was crowned with success. During their seven days in orbit, the five astronauts deployed a huge cylinder of experiments that will be picked up next February. Then they chased an ailing scientific satellite for nearly 3.2 million km, plucked it from orbit, replaced its damaged parts, and set it out again for years of observing the sun.

Key defence post also to Chernenko

MOSCOW (Reuters). — President Konstantin Chernenko heads the Soviet Union's secretive defence committee which has supreme control of the armed forces and which would exercise total power in the event of war, a senior Soviet official said on Friday.

Deputy Foreign Minister Georgy Kornienko said in response to questions at a press conference that Chernenko held the post but declined to name the other members of the committee, thought to form a Kremlin inner cabinet.

Chernenko's predecessors Yuri Andropov and Leonid Brezhnev held the post which is thought to go automatically with the position of party leader. But its tenure by Chernenko had not been officially admitted.

Proposing Chernenko for the post of president on Tuesday, politician Mikhail Gorbachev, 53, who has emerged as his most likely successor, made clear it was now policy to make the party leader head of state.

Naples speedboat thieves steal \$600,000

NAPLES (AP). — Bandits striking from the sea stole an estimated 5 billion lire (\$600,000) from a security company on a Naples wharf early yesterday, police reported.

In a lightning action shortly after midnight, the gang of four men arrived by speedboat and surprised three private guards in the company offices on the wharf, police said.

After forcing one of the guards at gunpoint to open a safe and hand over the money, the gang ran back to the speedboat and took to sea again.

Coast Guard cutters launched a search but found no trace of the boat. It was the fourth speedboat robbery in Naples in the past year. No arrests have been made.

3 dead in S. Africa gold mine rock burst

JOHANNESBURG (Reuters). — Three black miners died and three were missing on Friday after an underground accident at a gold mine east of Johannesburg, the mine's owners said.

Rand Mines Ltd. said the miners died in a rock burst 2,400 metres

below the surface at the company's East Rand Proprietary Mine. Another seven were injured.

More than 10,000 miners have died in South African mines over the past 20 years, many in accidents caused by rock bursts when a build-up of pressure caused props at the mine face to collapse.

70 on trial as Kuwait clamps down on aliens

KUWAIT (AP). — Seventy persons went on trial here yesterday on charges of forging 15,000 work and residence permits for aliens.

Sixteen of the accused were identified as Kuwaiti Interior Ministry employees, and the rest were said to

be Egyptian, Iraqi, Iranian, Pakistani and Indian.

Kuwait has been trying to enforce controls on the importation of alien workers, following the recent wave of bomb blasts against the U.S. and French embassies and against local industrial and residential targets.

Premier of Tanzania killed in car crash

DAR ES SALAAM, Tanzania (AP). — The late Prime Minister Edward Sokoine, killed in an auto accident on Thursday, will be buried at his northern Tanzania home of Monduli.

All offices in the country were

closed yesterday to honour Sokoine, who was 46.

The accident occurred Thursday afternoon near Morogoro, 196 km west of Dar-es-Salaam, when the car Sokoine was riding in collided with another vehicle.

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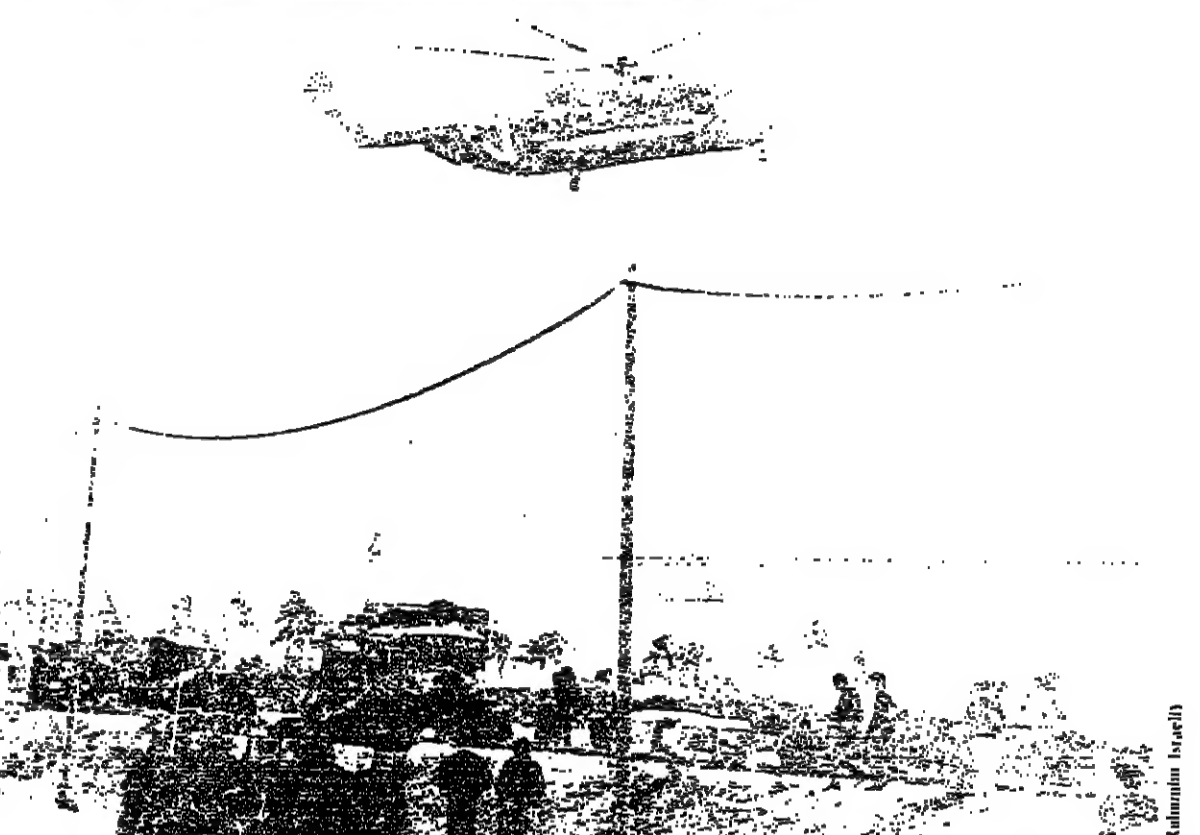
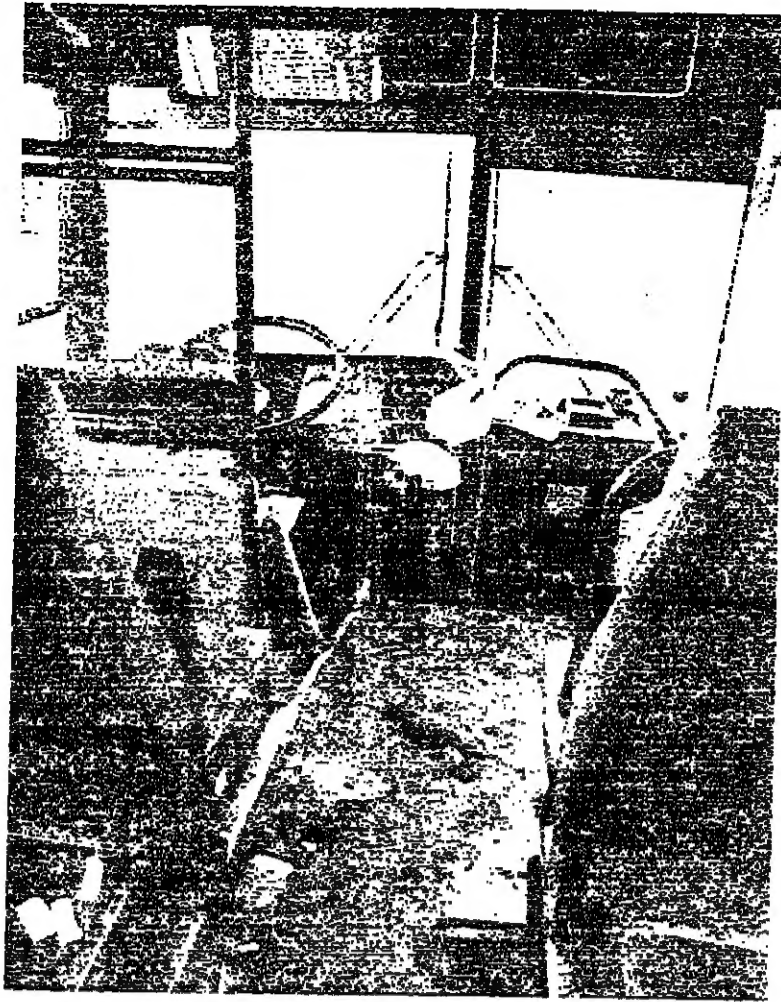
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Dramatic scenes of hijacking

Photographer Eli Herskowitz was on the scene at dawn Friday, when security forces rescued the passengers of the hijacked Tel Aviv-Ashkelon bus. His camera captured clockwise, starting top right, the dead terrorist leader, slumped over the steering wheel; two soldiers discussing the incident after the bus had been evacuated; an IDF helicopter arriving; a dead terrorist on the back seat of the bus; a wounded passenger being evacuated; another wounded passenger receiving a transfusion and the interior of the bus showing bloodstains on the floor.



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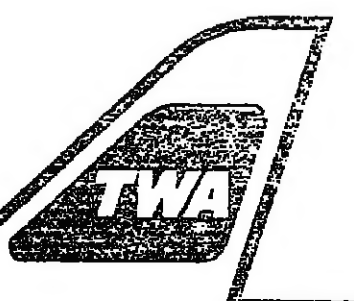
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Nissan 13, 5744 • Rajab 13, 1404

The PLO sticks to terror

THE TERRORIST bus hijack on Thursday night was plainly an attempt by the PLO to demonstrate that despite the disaster of Lebanon it is still alive.

The only people who should be surprised at that are those who seriously believed that the war in Lebanon would bring an end to terrorism against Israel. On the contrary, precisely because the terrorists have lost the territorial base and infrastructure they enjoyed in southern Lebanon, which allowed them the luxury of shelling Israeli villages from long range, they must now revert to more desperate, but no less deadly, devices.

Israel's security forces have accumulated a good record in dealing with such methods. Thursday's incident was no exception. With remarkable alacrity, the four terrorists on the bus were dispatched and the casualties among the passengers were much less than might have been expected.

It is not yet clear which of the various terrorist organizations was responsible for the hijack. Identifying the organization may be important for other reasons, but it is not relevant politically, for all elements of the PLO, including the Arafat faction, so widely praised for its ostensible moderation, have staked their claim. Apparently Arafat's need to demonstrate that he exists has now become more urgent than posing as a moderate to flirt with Washington.

If, as the government suggests, this latest atrocity was hatched in Damascus, this would suggest a new and grotesque explanation for the Syrian warnings in recent days that Israel was planning an attack. For the Syrians, backed by their Kremlin advisers, have often wrapped their own hostile intentions in the cover of warnings about Israel's intentions.

The attempted destination of the terrorists was another puzzling element in Thursday night's bus hijack. They said that they wanted to get the bus across the Israel-Egyptian border to be able to negotiate the release of imprisoned terrorists in exchange for the hijacked passengers from the safety of Egyptian territory. As Egypt is bound by its peace treaty with Israel to prevent any hostile acts against Israel, Cairo would do well to dissociate itself from Thursday night's terrorist outrage.

Meanwhile the public must raise the level of its awareness to potential danger. The terrorist groups have given ample warning in recent weeks of their intentions. Their political desperation is no less plain as they attempt to perpetuate the vicious circle of violence and extremism.

The nation's security forces are constantly alert. The police, supplemented by the Hiba army girls in police service and the Haganah civil defence force, constitute a formidable presence in the urban centres. It seems that a renewed call for more volunteers to the civil guard would also be in order. An alert public will help these forces all the more.

Herut's new leader

PRIME MINISTER Shamir preferred to belittle the resounding slap delivered by his party's Central Committee on Thursday night. He, and the equally crestfallen David Levy, mumbled a few brave words about the virtues of democracy and the ultimate significance of the committee's vote, which was to endorse Mr. Shamir as party leader.

But behind closed doors they know better. There they acknowledge that Arik Sharon has emerged as the single most popular figure among the Herut faithful. The committee vote only reflected that fact for those who didn't recognize it before.

Those faithful see light where others see darkness. What others consider noxious in Sharon's record, they consider admirable. The war in Lebanon, the Kahan Commission verdict, the half truths to the Cabinet (and the public), the vicious demagoguery, the strident egomania, the belligerent chauvinism, all add credibility in their view, to the resolute military hero who knows how to put Israel's house in order and Israel's foes in their place.

There is every reason to assume that the 42 per cent of the Herut Central Committee that supported Sharon reflect their party's rank and file more accurately than the 56 per cent, made up heavily of party operatives beholden to the premier, who supported Shamir.

Inevitably, therefore, a Likud victory in the elections would mean not a Shamir, but a Sharon, government. Mr. Shamir could no longer afford to keep Sharon at arms length, as he has tried to do until now. Sharon, not Levy, would get whatever he wants — in this case the defence ministry. This would place Sharon in a position to again effectively determine Israel's strategic policy. If he was able to do this under Menachem Begin, without a 42 per cent Central Committee vote behind him, he would be able to do so tenfold under a weakened and placid Yitzhak Shamir.

As a result, the election campaign takes on a wholly different character. The issue that has emerged is whether this nation is to be wrenched further to the right to be led by Sharon, and all that he stands for, or whether it will steer itself back to sanity.

Mr. Peres has said that he would like the election campaign to be in the nature of a national seminar, devoted to reasoned argument about the issues confronting the nation. A laudable ambition. But it has been overtaken by events. The face of Herut is now the face of Sharon. And if there are any doubters, even in Herut itself, Mr. Sharon's performance in the campaign will set them right.

Therefore, Mr. Peres and his party cannot limit themselves to providing reasoned prescriptions for the list of problems bequeathed by the Likud. Now they must wage battle for the soul of the nation.

For what the Likud reign has now bequeathed is the spectre of the general on horseback.

"THE MONEY MARKET" is not a term with which many Israelis are familiar. Jargon terms such as *Tapas*, *Palzak*, *Pakam* and *Pakatz* are becoming part of everyday vocabulary, among the public as well as bankers, but most people — including many professionals in the field — have yet to see the wood that is emerging from the individual trees.

In fact, in the six months since the bank share crisis first blew apart the Israeli financial scene, we have witnessed a major shift in the way money is borrowed and lent at every level of the economy.

Before examining some of these changes, it is necessary to get our terminology straight. The following is a glossary of some of the Hebrew acronyms that serve as shorthand for what the banks have to offer:

Osh (Over Veshav) — current accounts. These pay no interest at all and any money left in them erodes daily, as inflation eats it up. There is talk of the Bank of Israel allowing some interest to be paid on these accounts, but nothing has come of this yet.

Tapas (Tendat Pikadon Sahir) — negotiable certificates of deposit. These are available for sums of \$50,000 and upwards, and can be held for any number of days without one having to fix the period in advance. Interest rates increase significantly as the sum deposited grows larger, but the sophistication in using Tapas deposits lies in "roll-overs." The more often the money is rolled over, i.e. redeposited with its accruing interest, the higher the effective annualized return. Tapas rates are thus quoted in terms of nominal and "effective" interest, the latter being the rate achieved by rolling over the money, usually every week. Super-smart operators seek to rollover every three or four days, switching their money between different banks each time, since the banks are not happy about the costs involved in excessive use of their computer networks. (I have not given any specific interest rates, as these are constantly changing, and in any case vary for different customers.)

Pakam (Pikadon Katsar Moed) — short-term deposits. These are now offered for sums as small as \$14,000 and start for one week periods. The basic rates offered are superior to basic Tapas rates, although agile rolling over can redress the balance. The Pakam is primarily, but not exclusively, the province of the small depositor, particularly salary-earners. It is thus not surprising that Bank Hapoalim, which has traditionally led in the field of services for employee accounts, has been most innovative in this area too, trying to encourage wage-earners to deposit part of their monthly salaries into Pakam accounts and have the money mature in stages through the month.

Pakatz/Palzak — Alternative names for fixed deposits of one month or more. While these are offered for large and small sums, experience shows that the low rates available on all but very large deposits (several million shekels at least) make these a certain loss in terms of maintaining the value of the money deposited.

Large depositors, particularly companies, can negotiate better terms, either in the form of higher interest rates, or through lower charges, commissions or tariffs that they pay on other business with the bank.

Patam (Pikadon Toshav Mekomi) — a foreign currency deposit for Israelis seeking to link their shekels to the value of one of the main international currencies, most often the U.S. dollar. The advantages of this are obvious, but because there are commissions on buying and selling the currency, as well as a differential between the buying and selling rates and also one per cent government tax on the purchase, the costs outweigh the benefits unless the deposit is held for at least a month. For shorter periods the shekel-denominated deposits outlined above, all of which are free of commissions etc., are usually superior, unless an exceptionally big drop in the shekel's value against other currencies occurs.

Two other terms, hitherto used only in connection with foreign financial markets, have not entered the Israeli banking vocabulary. The first of these is the Prime Rate in the UK, (the equivalent is the Base Rate), which is the key interest rate used by the banks to decide how much interest to charge customers for loans and, conversely, how much to pay them for deposits. The better the customer, the less he will pay for money he borrows (on the basis of prime + ½ per cent, prime

plus 1 per cent and so on) and the higher the rate he will receive (prime — 1 per cent, etc.) The other term is the one we started with — the Money Market. This refers to money borrowed and lent for periods of up to one year, and in, in fact, the short end of the bond market in a normal economy. In Israel, as we shall see, the money market didn't exist in that sense, so it had to be invented.

THE DIFFERENT sorts of deposits and accounts noted here are the trees in the money market forest, and the Prime Rate is the main tool used by the "head ranger" (The Bank of Israel) to guide the growth of the trees. But how did the forest come into being in the first place?

The basic answer seems to be that the hurricane that blasted the Israeli financial markets last October, and that tore down many of the hoary old chestnuts, carried the seed of a new approach to money management for both companies and individuals. The old proverb that it's an ill wind that blows no one's good has again been proven right.

The crisis that erupted in October wrought two major changes in the way people handled money. First of all, the overnight collapse of the previously "safe" bank shares could provide no more free lunches. For years, the entire economy had been built around the central pillar of the bank shares as the best, almost the only, place to invest money for both short and long periods.

The new infamous "regulation" of their shares by the large bank was then beyond reproach, because it provided a risk-proof method of maintaining the value of large and small sums and, in practice, brought significant, tax-free, real returns as well. No other investment medium was necessary, and those that existed for the purpose of protecting the value of money, primarily indexed government bonds, and Patam foreign-currency accounts, could not compete in terms of results.

The second basic change was quantitative rather than qualitative. But it, too, had far-reaching implications. When Yigal Cohen-Orgad was promoted to the unenviable post of finance minister, inflation took off from the 120-130 per cent

By PINHAS LANDAU

level that this country has experienced since 1979 to levels that made speaking in terms of an annual rate useless. The unit of time used in business and finance changed under the impact of hyperinflation, from one year to one month.

Simultaneously, the official policy regarding interest rates changed from holding them down below the "real" rate necessary to cover the hitherto steady annual inflation rate, to one of allowing, indeed insisting, that borrowers pay lenders at least as much for the money they used as its depreciation in value — on a monthly basis.

The Bank of Israel also allowed the commercial banks to introduce a sliding-scale of interest charges, according to the quality of the customer. This was a new departure, for until then the banks had used one flat rate for all clients using authorized lines of credit, and one rate for unauthorized overdrafts, with no distinction made between, for example, a wealthy individual and a failing company.

The net result of these developments was radically to alter the financial behaviour of every economic entity — from industrial conglomerates to children receiving pocket money. The new rules were very simple:

a) Do not be a borrower if it can be avoided. The cost is too high to be borne for very long.

b) Do not leave shekels lying around unused. Even a short delay creates a noticeable loss in value.

c) Do not invest in the stock market; be suspicious of all traditionally "solid" forms of saving.

The initial forms were thus in the direction of paying off debts and taking free funds "out of the system" — a euphemism for buying cash dollars illegally and hiding them. In the corporate sector a "grey market" sprang up, wherein companies with funds to spare lent them to those in need of money, thereby bypassing the commercial banks and saving their charges and collateral requirements. In any case, the banks had no money to lend at that time, because of the liquidity crisis applied by the central bank.

AS THE shock of the crash

and its aftermath wore off, the banks began to react to the new conditions prevailing, even to regain the initiative. The massive amounts of money released by the government (the much-talked-about "printing" of money) eased the crunch. The need to have a secure, convenient and effective method of storing money, preferably for short periods and certainly not connected with the stock market, was felt more widely and more urgently.

Patam accounts had existed since the currency reform of 1977, but they were costly to the depositor, as we have seen, and even more costly to the banks, due to the stringent limitations imposed by the Bank of Israel on the use of such funds. Tapas deposits had also been around for years, but had always been used as a waystation (or money on standby, not as an investment) in themselves.

This, then, is the real significance of the money market revolution. The financial sector of the economy, shaken out of its rut by events and forces too big even for the commercial banks and central bank together to control, is learning to swim with the tide instead of seeking to control it. Market forces, simple supply and demand pressures, are being allowed to dictate the cost of money, a commodity until recently thought to be under the unfettered control of the authorities.

Furthermore, the banks are actually having to compete in seeking to attract business, instead of doing their clients a favour by providing services to them. The most visible side of this competition is directed at the small depositor through the mass media, but the real action is in the plush office suites, where the big companies ruthlessly squeeze the banks, using one against the other to achieve the best terms for themselves.

Unlike as it may sound to many people, the banks themselves have no regrets about the new environment that has come about, no nostalgia for the old days when the ruled from supposedly impenetrable fortresses. In fact, they rather like the new system, and are seeking to nurture its growth. That's probably the best news of all, particularly if it serves as an indication of the future for the economy as a whole.

The writer reports on finance for The Jerusalem Post.

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READERS' LETTERS

SWEDISH HAGGADA

To the Editor of The Jerusalem Post Sir, — In the past few years, the Jewish Community of Stockholm has received numerous letters from collectors throughout the world asking about a Swedish Haggada. We have always replied negatively, explaining that we were contemplating a new edition. This is now finally available with pictures by the Swedish-Jewish artist, Lennart Rosenzohn.

We have printed 5,000 Haggadot, which is sufficient for our use and

DOLLARIZATION

To the Editor of The Jerusalem Post Sir, — I note that The Jerusalem Post has accepted the principle of dollarization. The Postscript in your issue of March 30 transposes sterling amounts not into shekels as one would suppose, but into dollars.

M. ROTHSTEIN

Tel Aviv.

PENFRIENDS

SIGRID BALZ (18), of Schnoedeweg 7, 3558 Frankenberg West Germany, would like to correspond with young Israelis in order to learn about our country. Her hobbies are volleyball, music, languages and needlework.

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OR SAMEACH

To the Editor of The Jerusalem Post Sir, — In Robert Rosenberg's article, "Boost for the Police" (March 16), an injustice has been done to Or Sameach.

Mr. Rosenberg states that the cultists involved in the bid to blow up the Dome of the Rock "combined mystic readings of the Bible with ceremonies learned during past stays at the Or Sameach Yeshiva.... At one time or another all had studied there for periods up to two months...."

The fact is that only one of the people involved in this unfortunate incident ever attended Or Sameach for a brief period about seven years ago, and was asked to leave when it became apparent that he could not adjust to the yeshiva's rigorous academic requirements.

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GILAH YARON, Soprano
ELIYAHU SHULMAN, Violin
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